



Department of Energy
Western Area Power Administration
Sierra Nevada Customer Service Region
114 Parkshore Drive
Folsom, California 95630-4710

SEP 30 2009

To All Central Valley Project Preference Customers and Interested Parties:

Please note, effective October 1, 2009, the Power Revenue Requirement (PRR) will be \$77,609,919. On January 26, 2007, the Federal Energy Regulatory Commission noticed Rate Order WAPA-128, which includes rate schedules for the Central Valley Project, California-Oregon Transmission Project, and the Pacific Alternating Current Intertie. The rate order states that the Western Area Power Administration (Western) will develop the PRR for Component 1 for First Preference (FP) and Base Resource (BR) power prior to the start of each fiscal year (FY).

Effective October 1, 2009, the PRR for FY 2010 is \$77,609,919 and the FP Customer's Revenue Requirement is \$ 4,672,117, resulting in a BR Revenue Requirement of \$72,937,802. As indicated in Rate Schedule CV-F12, the BR revenue requirement is allocated 25% and 75% for the first and last six months of the FY, respectively. The monthly BR revenue requirement is \$3,039,075 for October 2009 through March 2010 and \$9,117,225 for April 2010 through September 2010. Please see the enclosed table for details.

The FY 2010 PRR shows a change from the current FY 2009 PRR of \$75,485,663, due to an increase in (1) Reclamation's operation and maintenance expenses, (2) interest expense and project repayment due to plant update, and a decrease in (3) purchase power expense that supports Project Use loads and Western's Sub Balancing Authority; and (4) miscellaneous revenues.

On October 14, 2009, Western will hold a customer meeting, which will address the FY 2010 PRR. The current FY 2009 Revenue Requirements and Rates are located at Sierra Nevada Region's website: <http://www.wapa.gov/sn/marketing/rates/>. The FY 2010 Revenue Requirements and Rates will be posted prior to the next customer meeting on October 14, 2009.

If you have any questions regarding the FY 2010 PRR, please contact Charles Faust, Rates Manager, Sierra Nevada Region, at (916) 353-4468.

Sincerely,

A handwritten signature in blue ink, reading "Charles J. Faust", is positioned above the printed name.

Charles J. Faust
Rates Manager

Enclosure

Enclosure

***FY 2010 Revenue Requirements
October 2009 through September 2010***
(Effective October 1, 2009)

<i>All Rates (except Custom Product Power) include 3 components. The rates and revenue requirements listed in this table are for Component 1 only. For information on components 2 and 3, see the note at the bottom of the table</i>	<i>FY 2010 Revenue Requirement</i>	<i>Applicable Rate Schedule</i>
POWER		CV-F12
Power Revenue Requirement (for First Preference and Base Resource) (Oct 2009 – Sep 2010)	\$ 77,609,919	
First Preference Customers' Percentages (apply to the Power Revenue Requirement): Sierra CC Calaveras PPA Trinity PUD Tuolumne PPA Total	0.50% 1.10% 3.48% 0.94% 6.02%	
First Preference Revenue Requirement	\$4,672,117	
Base Resource Revenue Requirement	\$72,937,802	
Oct 09 – Mar 10 Monthly = \$72,937,802*25%/6 months Apr 10 – Sep 10 Monthly = \$72,937,802*75%/6 months	\$3,039,075 \$9,117,225	
<p><u>Component 2:</u> Any charges or credits associated with the creation, termination, or modification to any tariff, contract, or schedule accepted or approved by the Federal Energy Regulatory Commission (Commission) or other regulatory body will be passed on to each appropriate Customer. The Commission or other regulatory body accepted or approved charges or credits apply to the service to which this rate methodology applies.</p> <p>When possible, Western will pass through directly to the appropriate Customer, the Commission or other regulatory body accepted or approved charges or credits in the same manner Western is charged or credited. If the Commission or other regulatory body accepted or approved charges or credits cannot be passed through directly to the appropriate Customer, the charges or credits will be passed through using Component 1 of the formula rate.</p> <p><u>Component 3:</u> Any charges or credits from the Host Control Area (HCA) applied to Western for providing this service will be passed through directly to the appropriate Customer in the same manner Western is charged or credited, to the extent possible. If the HCA costs or credits cannot be passed through to the appropriate Customer in the same manner Western is charged or credited, the charges or credits will be passed through using Component 1 of the formula rate.</p>		